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Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 COME-00 TRSE-00 SS-20 SP-03 NSC-07

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FM AMEMBASSY LOME
TO SECSTATE WASHDC 7604

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E.O. 11652: N/A
TAGS: EIND, EFIN, TO
SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 53993

1. NARRATIVE STATEMENT

A. HISTORICALLY GOVT OF TOGO HAS ACTIVELY ENCOURAGED PRIVATE FOREIGN INVESTMENT WHICH WOULD CONTRIBUTE TO THE DEVELOPMENT OF THE NATION'S ECONOMY. A LIBERAL INVESTMENT CODE, A STABLE AND FREELY CONVERTIBLE CURRENCY, PLUS A NON-DISCRIMINATORY TARIFF SCHEDULE HAVE CHARACTERIZED THE GOT'S FAVORABLE INVESTMENT POLICY.

B. MORE RECENTLY, HOWEVER, THE GOVERNMENT HAS BEEN PURSUING A COURSE OF ECONOMIC NATIONALISM. IN JANUARY, 1974, PRESIDENT EYADEMA ANNOUNCED THE GOVERNMENT'S UNILATERAL DECISION TO TAKE A 51 PERCENT SHARE OF THE COUNTRY'S PHOSPHATE INDUSTRY, THE COMPAGNIE TOGOLAISE DES MINES DU BENIN, IN WHICH AN AMERICAN FIRM HELD A 30 PERCENT INTEREST AND THE GOVERNMENT HELD 35 PERCENT. (THE REMAINING SHARES WERE IN FRENCH HANDS.) TWO WEEKS LATER,FOLLOWING A PRESIDENTIAL AIRPLANE CRASH WHICH THE PRESIDENT SURVIVED, HE PUBLICLY ACCUSED THE CTMB PRIVATE PARTNERS OF AN ATTEMPT ON HIS LIFE, AND COMPLETELY NATIONALIZED THE COMPANY IN FEBRUARY. THE AMERICAN SHAREHOLDING IN THE COMPANY, HOWEVER, WAS NEVER MENTIONED. NEGOTIATIONS BETWEEN THE GOVERNMENT AND ITS FORMER PARTNERS HAVE SINCE PRODUCED A
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REASONABLE COMPENSATION SETTLEMENT. POTENTIAL INVESTORS SHOULD

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BE AWARE OF THESE RECENT EVENTS AND EXERCISE CAUTION BEFORE MAKING ANY CONTEMPLATED INVESTEMENT. DESPITE THESE DEVELOPMENTS, HOWEVER, THE GOVERNMENT STILL WISHES TO MAINTAIN ITS TRADITIONAL OPEN DOOR INVESTMENT POLICY. AFTER THE EVENTS OF JANUARY AND FEBRUARY, PRESIDENT EYADEMA TOLD A GROUP OF VISITING WEST GERMAN BUSINESSMEN THAT PRIVATE FOREIGN INVESTMENT WAS ALWAYS WELCOME IN TOGO.

C. THE TOGOLESE INVESTMENT CODE GUARANTEES THE RIGHT OF TRANSFER OF CAPITAL AND DERIVED INCOME TO FOREIGN INDIVIDUALS AND CORPORATE BODIES PARTICIPATING IN AN INVESTMENT. DEPENDING UPON THEIR NATURE AND PERIOD OF DURATION, CERTAIN PRIORITY ENTERPRISES CAN RECEIVE UP TO A TEN YEAR IMPORT AND EXPORT DUTY EXONERATION AND UP TO A FIVE YEAR EXONERATION ON CORPORATE TAXES. THESE INCENTIVES ARE APPLICABLE IN THE FOLLOWING SPHERES OF ACTIVITY:

1. AGRO-BUSINESS AND FISHING INDUSTRIES.

2. MANUFACTURE OF MASS CONSUMER ITEMS.

3. FOOD PROCESSING.

4. EXTRACTIVE INDUSTRIES.

5. REAL ESTATE COMPANIES OF A NON-LUXURY CHARACTER.

6. ENERGY PRODUCING INDUSTRIES.

7. ENTERPIRSES CONCERNINED WITH RURAL DEVELOPMENT.

D. TOGO REMAINS COMMITTED TO A NON-DISCRIMINATORY TARIFF POLICY. IT IS THE ONLY COUNTRY IN FORMER FRENCH WEST AFRICA THAT DOES NOT GRANT REVERSE PREFERENCES, ALLOWING AMERICAN GOODS TO COMPETE FREELY WITH COMMON MARKET EXPORTS. MOREOVER, THE CUSTOMS DUTIES ARE STILL AMONG THE LOWEST IN WEST AFRICA.

E. THE UNITED STATES SIGNED A GUARANTY OF PRIVATE INVESTMENT AGREEMENT WITH TOGO IN 1962 AND A TREATY OF AMITY AND ECONOMIC RELATIONS IN 1966. OPIC POLITICAL RISK INSURANCE IS AVAILABLE TO POSENTIAL INVESTORS.

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2. INVESTMENT STATISTICS

A. U.S. DIRECT INVESTMENT - BOOK VALUE (MILLIONS OF DOLLARS) -1973
MINING DOLS 12.6 (ASTERIK)
PETROLEUM MARKETING 1.0
PETROLEUM EXPLORATION 4.0
MANUFACTURING .2
TOTAL 17.8

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(ASTERIK) NATIONALIZED IN 1974.

SOURCES: OPIC, MOBIL OIL, ROMEX-TOGO.

B. DIRECT INVESTMENT BY OTHER COUNTRIES
FRANCE NOT AVAILABLE
WEST GERMANY 11.2
ITALY 4.0

SOURCES: GERMAN EMBASSY, GOT MINISTRY OF FINANCE

C. DIRECT INVESTMENT IN THE U.S. BY TOGOLESE
NONECURRAN

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NNN

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